

INTERNATIONAL CITY MANAGERS' ASSOCIATION

1313 EAST 60TH STREET - CHICAGO 37, ILLINOIS

Route To:

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TRAVEL AND AUTO ALLOWANCES

What methods are used to regulate travel and auto expenses and to reimburse city employees for allowable expenses?

Travel costs and auto allowances are small items in most city budgets, but cities should have rules to control these costs and to assure fair treatment for city officials and employees who travel on city business. This report summarizes the travel regulations of several cities and suggests procedures that should be useful to municipal officials.

Travel Allowances. Cities use several methods to pay travel allowances to employees: (1) a per diem allowance to pay for all personal costs except transportation which is paid separately, (2) a graduated per diem depending on the size of the city visited or the length of stay in one location, (3) reimbursement of actual expenses with top limits set on meals and lodging, (4) reimbursement of actual expenses incurred on the trip, (5) a lump sum advanced to individual officials without regard to actual expenses.

Reimbursement of the actual expenses of the trip is perhaps the best and most common method. A per diem allowance or some other formula is useful when a large number of employees travel and when the principal emphasis must be on controlling costs. Advancing lump sums to city officials or employees without regard to actual expenses is not good practice. The reimbursement of actual expenses should prove satisfactory provided the city (1) requires the department heads to itemize budget requests for travel expenses, (2) develops general travel regulations covering the authorizing of a trip, types of expenses allowed, methods of transportation, recording travel costs, advance payments, and the like, and (3) checks the employee's claim for reasonableness and accuracy before making any reimbursement.

Budget requests for travel expenses should be supported by itemized statements showing the trips planned for the next fiscal year. If additional sums are required during the year transfers can be made from the contingent or emergency accounts but this procedure should be discouraged.

An out-of-the-city trip by an employee should be approved in writing by the department head and the city manager. Such approval should state the nature of the trip, destination, and the dates when the official leave of absence starts and ends. The department head may indicate in such an authorization letter the total allowable expenses for the trip.

The official or employee should be paid his actual expenses as long as they conform reasonably with the travel regulations of the city. The allowable types of expenses should be stated in the regulations. The types of expenses that are allowed usually depend on the length of the trip. For example, on trips lasting a week the employee might be reimbursed for such personal expenses as laundry, personal telephone calls, and valet services. On trips of less than a week expenses of this type are often not allowed unless exceptional circumstances exist.

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Meals, lodging, tips, taxi fares, business telephone calls and telegrams, baggage transfer and storage charges, stenographic services, and the like usually are allowed. Registration fees for conferences and conventions are considered reimbursable. Entertainment expenses are usually disallowed except when such expenses are paid as part of an official event in behalf of the employee's municipality.

The travel regulations should also indicate acceptable forms of transportation. Ordinarily the most economical form of transportation should be used but the matter of convenience and time saved also should be taken into account. First class railroad fare plus a lower berth might be standard for overnight travel and chair coach for day-time trips. Travel by air, bus, or car should always be considered. Air travel saves time and in some instances it is cheaper than the railroad, while for some trips a car is needed at the destination.

Round-trip tickets should be purchased when it is advantageous to do so. If the employee travels part of the route by rail coach for which he was given first class tickets, a credit check should be obtained from the conductor so the city can receive a refund. Certificates for exemption from the federal transportation tax should always be given to the ticket agent when the tickets are purchased (Treasury Department Form #731).

Travel by private auto should be reimbursed according to an established method of paying automobile expenses (see page 443 below). Some cities will not pay more than the first class railroad fare (including lower berth) for one person to the employee driving his own car unless the automobile is required for business purposes at the end of the trip.

The travel regulations should permit an advance of travel funds especially if transportation costs are not paid ahead of time. A record should be kept of these advances so that the amount will be deducted from the total cost of the trip before the employee receives any reimbursement, or if the advance exceeds the cost of the trip then the employee should refund the balance owing the city.

In the few instances where employees may make regular trips on city business, the expenses should be estimated to set up standard costs for such trips. The employee must then abide by the estimates in order to prevent unexplainable variations in the cost of the same trip over a period of time.

The employee should submit a detailed record of his expenses with the major items supported by bills or vouchers. A report of travel expenses might show, like the suggested form on page 444, the city of origin and destination, a listing of expenses by type, distance covered in case of auto travel, the amount of cash advanced, with space provided for the approval of the statement by the department head and the city manager. (This particular report form is adapted from the travel expense report of Quincy, Massachusetts.) Hotel bills, meal checks, and other supporting vouchers should be attached to the expense report when it is filed for approval. Some cities do not require bills or supporting vouchers for expenses less than \$1. The suggested expense report allows the employee to accumulate his record of expenses on a daily basis with totals obtained at the end of the week. The letter from the department head or the city manager authorizing the trip should also be attached to the expense record.

No reimbursement should be allowed until the travel expense report has been reviewed by the department head (or the city manager) and a finance official. The department head should check the expense statement for reasonableness in terms of the work performed or benefits received. Then the finance office should

review the expenses to compare them with similar trips taken by other employees. The employee should be asked to explain any unreasonable items of expense and also be given an opportunity to explain items that the department head or the finance office may disallow.

No reimbursement should be made unless the letter authorizing the trip is attached to the statement and any discrepancy between the contents of the authorization and the expense record should be satisfactorily explained. Unused transportation tickets should be returned with the expense report so the finance office may obtain reimbursement from the common carrier. Some cities require the employee to sign the expense report to certify that the items are correct and that payment has been received from the municipality.

Automobile Allowances. A variety of methods are used to reimburse employees for the use of their automobiles on public business. Often the same method is used to pay for in-city and out-of-city travel in personal cars, although in some cases the mileage rates may be reduced for the longer trips. Or the city may use two methods of reimbursement, one for short trips and another for the longer trips.

Of all the methods the flat rate per mile seems to be the one most frequently used. Other methods include a lump sum per month; a flat rate per mile plus payment for such costs as parking, storage, and reimbursement for gas and oil, and some upkeep; or just actual reimbursement for gasoline and oil used. A few cities pay a lump sum per month for all in-city travel and then add a flat rate per mile for out-of-city travel, sometimes beyond a minimum distance such as 50 miles. Some cities have adopted set mileage rates such as seven cents per mile for the first 700 miles per month, six cents per mile for the next 300 miles, and five cents per mile thereafter.

Another method of paying auto travel cost is to divide the allowance into two parts: (1) a lump sum to pay the fixed costs, and (2) a flat rate per mile to pay the running cost. The fixed cost represents the cost of owning the car and includes such items as licenses and fees, interest on investment, taxes, insurance, and garaging. The flat rate per mile covers normal maintenance, tires and tubes, and depreciation. Berkeley, California, recently adopted such a method, paying some of its employees driving cars a lump sum of \$39 per month plus a flat mileage rate of 1 cent per mile plus reimbursement for gasoline and oil used on city business. A city may prefer to pay a daily rate (for example, \$1.25 per day) instead of the monthly sum and a higher mileage rate (for example, 3 cents) instead of reimbursing for the gasoline and oil consumed. Madison, Wisconsin, on the other hand, pays a \$35 per month allowance plus 6 cents a mile for business trips totaling over 600 miles each month.

Each employee who uses his car on city business should first receive the approval of his department head and city manager who would verify the need to use the car. The amount and kind of private car travel should be checked at least once each year to see if city-owned cars could be substituted for private automobiles. The employees receiving auto allowances should keep a record of their trips, the mileage traveled, and the date of the trip, especially if the allowance depends on the number of miles traveled. A record of auto mileage can be adapted from the travel expense report on page 444. Once each month a record of the trips should be checked by the department head to see if the amount of city travel is reasonable in the light of the work assigned the employee. The department head should watch the mileage of his employees and make spot checks on the accuracy of the employee's report.

(Over)

City of _____

Date of Report _____ Travel Report Number _____

TRAVEL EXPENSE REPORT

Name of Employee _____ Date: From _____

Department _____ To _____

Attach All Bills and Receipts To This Report

Items	Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Total
Hotel								
Breakfast								
Lunch								
Dinner								
Laundry & Valet								
Fares (List below)								
Pullman								
Taxi								
Street Car & Bus								
Auto Allowance (below)								
L.D. Phone & Telegrams								
Local Phone								
Baggage Charges								
Registration Fees								
Totals								

MEMO OF TRAVEL PERFORMED BY PRIVATE AUTO AND COMMON CARRIER

Date	Via Carrier/Auto	From	To	Speedometer		Accommodations	Mileage Claimed	Amount
				Start	Finish			

I hereby certify that the travel indicated hereon was accomplished according to the authorization letter and that information shown hereon is correct; that no part of compensation claimed was of a personal nature. Auto mileage claimed was traveled the name of _____

Signed _____

Total Expense of Trip \$ _____

Cash Advanced: \$ _____

Check No. _____

Balance Due Employee \$ _____
or City*

(*Strike out word not used in showing balance due.)

Approved _____

Department Head

Approved _____

City Manager